funds to lend, dispatch their capital for investment wherever the greatest remuneration can be procured (the principal being safe), the cash which foreign firms and banks would, under the existence of an inferior rate of interest, withdraw from England for better use elsewhere, is retained, while the attraction of advantageous lending also induces money to be remitted from abroad to secure the benefit. This process is also aided by the world-accepted assurance that in no form is capital more soundly placed than in that of British securities.

Should the Bank, however, find that its protective measure at any stage is not sufficient to compel, in adequate degree, a corresponding upward movement of the general market rate — for action would obviously be inoperative unless all lenders combined—the expedient is adopted of the Bank borrowing money in the market upon the securities it possesses. The amount of external loanable funds is thus reduced and brought under the Bank's own command, and with this restriction of the market supply of capital in proportion to the demand a single rate of discount finally dominates all advances of money, and the power of retaining and attracting gold is established.

A remedy may be largely valueless if its application be deferred until the disease has become fully established, and hence the sagacity and foresight—and the self-control, it should bemadded—of the Bank of England are exhibited in its vigilant watchfulness over the course of international events—social, political, and commercial—in order that preventive measures may be promptly adopted, and the dislocation of our own trading arrangements (which an onerous rate of interest produces) be diminished as substantially as possible by successive advances of the bank rate rather than abrupt and violent changes.

It has been pointed out that when our merchants have imported more than they have exported (in connection with any country), bills of a less aggregate value are available upon foreign houses, and competition ensues for the purchase

of the insufficient stock for the settlement of our foreign indebtedness. The standard equality (or par) being the exchange of £1 for 25-2215 francs, the illustration was furnished of one sovereign purchasing only 25-17 francs. Similarly, in Paris in these